

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 04-200
STATE AGENCY: Air Pollution Control Board

DATE PREPARED: Mar 21, 2005
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Digest of Proposed Rule: This rule adds 326 IAC 10-5 to reduce nitrogen oxides for lean-burn internal combustion engines (ICE). It amends 326 IAC 10-3-3, 326 IAC 10-4-1, 326 IAC 10-4-2, 326 IAC 10-4-3, 326 IAC 10-4-13, 326 IAC 10-4-14, and 326 IAC 10-4-15 to make U.S. EPA required and other formatting amendments. The rule also amends 326 IAC 10-4-9 to correct energy efficiency formulas.

Governmental Entities: *State:* This rule places no unfunded mandates upon state government.
Local: This rule places no unfunded mandates upon any local government unit.

Regulated Entities: This rule implements the second phase of the U.S. EPA's NOx SIP Call rule, of which the first phase was issued in 1998. Phase II of the NOx rule requires that nitrogen oxide emissions in Indiana be further reduced by 4,263 tons per year. According to the Indiana Department of Environmental Management, two regulated entities will be affected by this rule. Between the two entities, 17 internal combustion engines (ICEs) will require the purchase of emission-reducing equipment.

According to data provided by the two entities, it will cost approximately \$16 M to purchase the equipment for the 17 engines. The first entity estimates it will cost \$1M per engine, for its seven engines, for capital and operating costs to install the emission-reducing equipment. It will also cost \$10,000 per engine for emission monitoring. The second entity estimates it will cost between \$225,000 and \$1.3 M for direct and indirect costs based on the 10 engines' sizes. The entity also reported that emission-reducing equipment has already been installed on two engines at a cost of \$600,000 per engine.

Information Sources: Cost estimates from Panhandle Energy as provided through IDEM; ANR Pipeline (El Paso) email, January 18, 2005.